



Dave Yost • Auditor of State

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Gallia-Jackson-Vinton Joint Vocational School District
Gallia County
P.O. Box 157
Rio Grande, Ohio 45674

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Gallia-Jackson-Vinton Joint Vocational School District, Gallia County, Ohio (the School District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement whether due to fraud or error. In assessing those risks, we consider internal control relevant to the School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Gallia-Jackson-Vinton Joint Vocational School District, Gallia County, Ohio, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the School District's basic financial statements taken as a whole.

The Schedule of Federal Awards Receipts and Expenditures (the Schedule) presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The Schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this Schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2015, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

Columbus, Ohio

January 5, 2015

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Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited*

The discussion and analysis of the Gallia-Jackson-Vinton Joint Vocational School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for the fiscal year 2014 are as follows:

- In total, net position increased \$588,885. Net position of governmental activities increased \$504,471; net position of business-type activities increased \$84,414 from 2013.
- General revenues accounted for \$7,762,120 in revenue or 79.9% of all revenues for governmental activities. Program specific revenues in the form of charges for services and sales, grants, contributions accounted for \$1,956,011 or 20.1% of total revenues of \$9,718,131.
- The School District had \$9,213,660 in expenses related to governmental activities; only \$1,956,011 of these expenses were offset by program specific charges for services and sales, grants, contributions, and interest. General revenues (primarily taxes and intergovernmental) of \$7,762,120 were adequate to cover the remaining expenses. Business-type activities had \$1,575,467 in expenses; program specific revenue in the amount of \$1,656,264 and general revenues of \$3,617 were adequate to cover these expenses.

USING THE BASIC FINANCIAL STATEMENTS

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Gallia-Jackson-Vinton Joint Vocational School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column.

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2014?" The Statement of Net Position and the Statement of Activities answer this question.

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited*

These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into consideration all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's Net Position and changes in those assets. This change in Net Position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two kinds of activities:

Governmental Activities - Most of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, and extracurricular activities.

Business-Type Activities - These services are provided on a charge for goods or services basis to recover all of the expenses of the good or services provided. The School District's adult education programs and rotary services are reported as business-type activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 10. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund and the Permanent Improvement and Classroom Facilities Capital Projects Funds. The School District's only major business-type activity fund is the Adult Education Enterprise Fund.

Governmental Funds Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds Proprietary funds use the same basis of accounting as business-type activities (Adult Education and Rotary Services); therefore, these statements will essentially match.

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited*

THE SCHOOL DISTRICT AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's Net Position for 2014 compared to 2013.

**Table 1
Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets						
Current and Other Assets	\$10,860,834	\$10,011,790	\$2,391,947	\$2,335,530	\$13,252,781	\$12,347,320
Capital Assets	18,973,543	19,534,722	88,617	110,192	19,062,160	19,644,914
Total Assets	29,834,377	29,546,512	2,480,564	2,445,722	32,314,941	31,992,234
Liabilities						
Long-Term Liabilities	2,271,595	2,530,811	29,206	30,626	2,300,801	2,561,437
Other Liabilities	812,198	802,248	44,286	92,438	856,484	894,686
Total Liabilities	3,083,793	3,333,059	73,492	123,064	3,157,285	3,456,123
Deferred Inflow of Resources	2,312,468	2,279,808	0	0	2,312,468	2,279,808
Net Position						
Net Investment in Capital Assets	17,137,543	17,494,722	88,617	110,192	17,226,160	17,604,914
Restricted	2,330,669	2,224,290	0	0	2,330,669	2,224,290
Unrestricted	4,969,904	4,214,633	2,318,455	2,212,466	7,288,359	6,427,099
Total Net Position	\$24,438,116	\$23,933,645	\$2,407,072	\$2,322,658	\$26,845,188	\$26,256,303

Total assets increased \$322,707, with governmental assets increasing \$287,865 and business-type assets increasing \$34,842. For governmental activities, this is primarily due cash increasing \$874,451 offset by a capital assets decrease of \$561,179. For business-type activities, cash and cash equivalents increased \$251,519 and intergovernmental receivable decreased \$198,608.

Total liabilities decreased \$298,838, with governmental liabilities decreasing \$249,266 and business-type liabilities decreasing \$49,572. For the governmental funds, this is primarily the result of decreased accrued wages and benefits payable and long-term liabilities decreasing \$31,689 and \$259,216, respectively. The decreases in long-term liabilities are the result of debt payments.

Table 2 shows the changes in Net Position for the fiscal year ended June 30, 2014, compared to changes in Net Position for the fiscal year ended June 30, 2013.

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited*

**Table 2
Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program Revenues:						
Charges for Services and Sales	\$194,300	\$228,905	\$1,335,929	\$1,225,461	\$1,530,229	\$1,454,366
Operating Grants and Contributions	1,761,711	4,001,742	320,335	301,360	2,082,046	4,303,102
	<u>1,956,011</u>	<u>4,230,647</u>	<u>1,656,264</u>	<u>1,526,821</u>	<u>3,612,275</u>	<u>5,757,468</u>
General Revenues:						
Property Taxes	2,482,052	2,636,157	0	0	2,482,052	2,636,157
Grants and Entitlements	4,968,877	3,058,062	0	0	4,968,877	3,058,062
Interest	193,954	177,637	0	0	193,954	177,637
Insurance Recoveries	32,950	39,167	0	0	32,950	39,167
Contributions and Donations	58,500	0	0	2,000	58,500	2,000
Miscellaneous	25,787	40,720	3,617	3,097	29,404	43,817
	<u>7,762,120</u>	<u>5,951,743</u>	<u>3,617</u>	<u>5,097</u>	<u>7,765,737</u>	<u>5,956,840</u>
Total Revenues	<u>9,718,131</u>	<u>10,182,390</u>	<u>1,659,881</u>	<u>1,531,918</u>	<u>11,378,012</u>	<u>11,714,308</u>
Program Expenses						
Instruction:						
Regular	299,724	85,922	0	0	299,724	85,922
Special	909,450	819,374	0	0	909,450	819,374
Vocational	4,101,736	4,472,966	0	0	4,101,736	4,472,966
Adult/Continuing	589,615	711,915	0	0	589,615	711,915
Support Services:						
Pupils	403,335	402,104	0	0	403,335	402,104
Instructional Staff	459,495	374,453	0	0	459,495	374,453
Board of Education	79,187	102,465	0	0	79,187	102,465
Administration	513,438	596,777	0	0	513,438	596,777
Fiscal	407,078	359,167	0	0	407,078	359,167
Business	69,908	58,186	0	0	69,908	58,186
Operation and Maintenance of Plant	1,006,994	1,412,555	0	0	1,006,994	1,412,555
Pupil Transportation	17,089	21,191	0	0	17,089	21,191
Central	55,310	241,081	0	0	55,310	241,081
Operation of Non-Instructional Services:						
Food Service Operations	240,097	231,047	0	0	240,097	231,047
Extracurricular Activities	15,458	3,406	0	0	15,458	3,406
Interest and Fiscal Charges	45,746	50,479	0	0	45,746	50,479
Adult Education	0	0	1,565,835	1,644,740	1,565,835	1,644,740
Rotary	0	0	9,632	48,231	9,632	48,231
Total Expenses	<u>9,213,660</u>	<u>9,943,088</u>	<u>1,575,467</u>	<u>1,692,971</u>	<u>10,789,127</u>	<u>11,636,059</u>
Change in Net Position	504,471	239,302	84,414	(161,053)	588,885	78,249
Net Position at Beginning of Year	<u>23,933,645</u>	<u>23,694,343</u>	<u>2,322,658</u>	<u>2,483,711</u>	<u>26,256,303</u>	<u>26,178,054</u>
Net Position at End of Year	<u>\$24,438,116</u>	<u>\$23,933,645</u>	<u>\$2,407,072</u>	<u>\$2,322,658</u>	<u>\$26,845,188</u>	<u>\$26,256,303</u>

Governmental Activities

Net position of the School District's governmental activities increased \$504,471 in fiscal year 2014. Total governmental expenses of \$9,213,660 were sufficiently covered by program revenues of \$1,956,011 and general revenues of \$7,762,120.

The primary sources of revenue for the School District are derived from property taxes, state foundation payments, and federal and state grants. These revenue sources represent 94.8 percent of the total revenue. The remaining 5.2 percent of revenue is from charges for services and sales, interest, and miscellaneous local sources.

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited*

Over 64 percent of the School District's budget is used to fund instructional expenses. Support services make up 32.7 percent of expenses and 3.3 percent is used for interest and fiscal charges, extracurricular activities, and non-instructional services.

During the fiscal year, the School District experienced changes in the following: a 2.01 percent decrease in employee insurance costs, and decreases of 17.9 percent in utility and fuel costs.

Program revenues covered 33.5 percent of program expenses overall. The remaining 66.5 percent is supported through tax revenues and other general revenues.

Business-Type Activities

The business-type activities involve the School District's adult education program and rotary services. These activities had revenues of \$1,659,881 and expenses of \$1,575,467 for fiscal year 2014.

Table 3 shows the total cost of services and the net cost of services for fiscal year 2014 compared to fiscal year 2013. That is, it identifies the cost of those services supported by tax revenue and unrestricted State entitlements.

**Table 3
Governmental Activities**

	2014 Total Cost of Services	2014 Net Cost of Services	2013 Total Cost of Services	2013 Net Cost of Services
Program Expenses				
Instruction:				
Regular	\$299,724	\$299,724	\$85,922	\$85,922
Special	909,450	257,618	819,374	(552,046)
Vocational	4,101,736	3,823,880	4,472,966	2,650,480
Adult/Continuing	589,615	20,687	711,915	96,365
Support Services:				
Pupils	403,335	363,655	402,104	353,239
Instructional Staff	459,495	357,638	374,453	294,448
Board of Education	79,187	79,187	102,465	102,465
Administration	513,438	437,913	596,777	537,177
Fiscal	407,078	390,427	359,167	359,167
Business	69,908	69,908	58,186	58,186
Operation and Maintenance of Plant	1,006,994	1,006,994	1,412,555	1,412,555
Pupil Transportation	17,089	17,089	21,191	21,191
Central	55,310	53,510	241,081	240,578
Non-Instructional Services:				
Food Service Operations	240,097	18,215	231,047	(1,171)
Extracurricular Activities	15,458	15,458	3,406	3,406
Interest and Fiscal Charges	45,746	45,746	50,479	50,479
Totals	\$9,213,660	\$7,257,649	\$9,943,088	\$5,712,441

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited*

As you can see, the reliance upon local tax revenues for governmental activities is crucial. 26.9 percent of expenses are directly supported by local property taxes. Grants and entitlements not restricted to specific programs supported 53.9 percent of expenses. The dependence upon tax revenues and State subsidies for governmental activities is apparent. For fiscal year 2014, approximately 84.2 percent of all activities were supported through taxes and other general revenues.

THE SCHOOL DISTRICT FUNDS

The School District's governmental funds reported a combined fund balance of \$7,265,714, an increase of \$810,525 from fiscal year 2013. All governmental funds had total revenues of \$9,721,352 and expenditures of \$8,793,823.

The School District's funds are accounted for using the modified accrual basis of accounting. The General Fund's increase of \$1,151,560 is due primarily to a 5% increase in state foundation and a 6.26% decrease in operating expenses.

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal 2014, the School District did amend its General Fund estimated revenues numerous times. The School District uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, the final budget basis revenue estimate was \$7,782,995, which represented a decrease of only \$17,503 from original estimates of \$7,800,498. The final budget basis expenditure estimate of \$6,723,559 represented a \$1,235,684, or 15.5 percent decrease from the original estimates of \$7,959,243.

The School District's ending unobligated General Fund balance was \$2,490,916.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2014, the School District had \$19,062,160 invested in land, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2014 balances compared to 2013.

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited*

**(Table 4)
Capital Assets at June 30 (Net of Depreciation)**

	Governmental Activities		Business-Type Activity		Total	
	2014	2013	2014	2013	2014	2013
Land	\$110,702	\$110,702	\$0	\$0	\$110,702	\$110,702
Buildings and Improvements	17,819,985	18,215,098	0	0	17,819,985	18,215,098
Furniture and Equipment	906,268	1,046,392	88,617	110,192	994,885	1,156,584
Vehicles	136,588	162,530	0	0	136,588	162,530
Totals	\$18,973,543	\$19,534,722	\$88,617	\$110,192	\$19,062,160	\$19,644,914

For additional information on capital assets, see Note 11 to the basic financial statements.

Debt

At June 30, 2014, the School District had Qualified Zone Academy Bonds outstanding in the amount of \$1,836,000. For additional information on debt, see Note 16 to the basic financial statements.

CURRENT ISSUES

The financial future of the School District is not without its challenges. These challenges are external and internal in nature. The internal challenges will continue to exist, as the School District must rely heavily on local property taxes. Due to slow economic growth, the School District does not foresee any sustainable growth in revenue from property taxes. Thus, management must diligently plan expenses from the modest growth attained, staying carefully within its five-year forecast. Additional revenues from what was estimated must not be treated as a windfall to expand programs but as an opportunity to extend the time horizon of the five-year forecast.

Externally, the School District is largely dependent on State funding sources (approximately 70 percent of the School District's operating funds come from State foundation payments and other entitlements). State foundation revenue is fundamentally a function of student enrollment and a district's property tax wealth. Though State revenue growth has shifted toward school districts with lower property tax wealth, future enrollment estimates continue to indicate a declining enrollment which will serve to offset any increase in State funding.

Considered a mid-wealth school district, the Gallia-Jackson-Vinton Joint Vocational School District is financially stable, and has been over the past several years. As indicated in the preceding financial information, the School District is dependent upon property taxes and State funding. State funding does not increase solely as a result of inflation. Therefore, in the long-term, the current program and staffing levels will be dependent on increased funding from property taxes to meet inflation. Careful financial planning has permitted the School District to provide a quality education for our students.

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2014

Unaudited

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions or need additional information, contact Donalyn Smith, Treasurer at Gallia-Jackson-Vinton Joint Vocational School District, P.O. Box 157, Rio Grande, Ohio 45674.

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

Statement of Net Position

June 30, 2014

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$7,798,100	\$2,289,078	\$10,087,178
Accrued Interest Receivable	149	0	149
Accounts Receivable	2,862	13,606	16,468
Intergovernmental Receivable	168,062	85,959	254,021
Materials and Supplies Inventory	26,012	0	26,012
Inventory Held for Resale	2,677	0	2,677
Property Taxes Receivable	2,764,671	0	2,764,671
Prepaid Items	98,301	3,304	101,605
Nondepreciable Capital Assets	110,702	0	110,702
Depreciable Capital Assets, Net	18,862,841	88,617	18,951,458
<i>Total Assets</i>	<u>29,834,377</u>	<u>2,480,564</u>	<u>32,314,941</u>
Liabilities			
Accounts Payable	71,071	10,795	81,866
Accrued Wages and Benefits Payable	539,932	23,229	563,161
Accrued Interest Payable	14,237	0	14,237
Intergovernmental Payable	102,293	5,368	107,661
Matured Compensated Absences Payable	19,380	0	19,380
Accrued Vacation Leave Payable	40,089	4,894	44,983
Claims Payable	25,196	0	25,196
Long-Term Liabilities:			
Due within One Year	206,211	0	206,211
Due in More than One Year	2,065,384	29,206	2,094,590
<i>Total Liabilities</i>	<u>3,083,793</u>	<u>73,492</u>	<u>3,157,285</u>
Deferred Inflows of Resources			
Property Taxes	2,312,468	0	2,312,468
Net Position			
Net Investment in Capital Assets	17,137,543	88,617	17,226,160
Restricted for:			
Capital Projects	1,287,936	0	1,287,936
Other Purposes	1,042,733	0	1,042,733
Unrestricted	4,969,904	2,318,455	7,288,359
<i>Total Net Position</i>	<u>\$24,438,116</u>	<u>\$2,407,072</u>	<u>\$26,845,188</u>

See accompanying notes to the basic financial statements

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

Statement of Activities

For the Fiscal Year Ended June 30, 2014

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services and Sales	Operating Grants, Contributions, and Interest	Governmental Activities	Business-Type Activities	
Governmental Activities						
Instruction:						
Regular	\$299,724	\$0	\$0	(\$299,724)	\$0	(\$299,724)
Special	909,450	102,097	549,735	(257,618)	0	(257,618)
Vocational	4,101,736	36,255	241,601	(3,823,880)	0	(3,823,880)
Adult/Continuing	589,615	0	568,928	(20,687)	0	(20,687)
Support Services:						
Pupils	403,335	0	39,680	(363,655)	0	(363,655)
Instructional Staff	459,495	0	101,857	(357,638)	0	(357,638)
Board of Education	79,187	0	0	(79,187)	0	(79,187)
Administration	513,438	7,724	67,801	(437,913)	0	(437,913)
Fiscal	407,078	0	16,651	(390,427)	0	(390,427)
Business	69,908	0	0	(69,908)	0	(69,908)
Operation and Maintenance of Plant	1,006,994	0	0	(1,006,994)	0	(1,006,994)
Pupil Transportation	17,089	0	0	(17,089)	0	(17,089)
Central	55,310	0	1,800	(53,510)	0	(53,510)
Operation of Non-Instructional Services:						
Food Service Operations	240,097	48,224	173,658	(18,215)	0	(18,215)
Extracurricular	15,458	0	0	(15,458)	0	(15,458)
Interest and Fiscal Charges	45,746	0	0	(45,746)	0	(45,746)
<i>Total Governmental Activities</i>	<u>9,213,660</u>	<u>194,300</u>	<u>1,761,711</u>	<u>(7,257,649)</u>	<u>0</u>	<u>(7,257,649)</u>
Business-Type Activities						
Other Enterprise	9,632	7,811	0	0	(1,821)	(1,821)
Adult Education	1,565,835	1,328,118	320,335	0	82,618	82,618
<i>Total Business-Type Activities</i>	<u>1,575,467</u>	<u>1,335,929</u>	<u>320,335</u>	<u>0</u>	<u>80,797</u>	<u>80,797</u>
<i>Totals</i>	<u>\$10,789,127</u>	<u>\$1,530,229</u>	<u>\$2,082,046</u>	<u>(7,257,649)</u>	<u>80,797</u>	<u>(7,176,852)</u>
General Revenues						
Property Taxes Levied for General Purposes				2,482,052	0	2,482,052
Grants and Entitlements not Restricted to Specific Programs				4,968,877	0	4,968,877
Investment Earnings				193,954	0	193,954
Gifts and Donations				58,500	0	58,500
Insurance Recoveries				32,950	0	32,950
Miscellaneous				25,787	3,617	29,404
<i>Total General Revenues</i>				<u>7,762,120</u>	<u>3,617</u>	<u>7,765,737</u>
<i>Change in Net Position</i>				504,471	84,414	588,885
<i>Net Position at Beginning of Year</i>				<u>23,933,645</u>	<u>2,322,658</u>	<u>26,256,303</u>
<i>Net Position at End of Year</i>				<u>\$24,438,116</u>	<u>\$2,407,072</u>	<u>\$26,845,188</u>

See accompanying notes to the basic financial statements

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Balance Sheet
Governmental Funds
June 30, 2014*

	General	Permanent Improvements	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$2,831,200	\$2,548,514	\$1,081,453	\$1,291,251	\$7,752,418
Receivables:					
Accrued Interest	149	0	0	0	149
Accounts	2,862	0	0	0	2,862
Intergovernmental	636	0	0	167,426	168,062
Interfund	520,468	0	0	0	520,468
Taxes	2,764,671	0	0	0	2,764,671
Materials and Supplies Inventory	24,464	0	0	1,548	26,012
Inventory Held for Resale	0	0	0	2,677	2,677
Prepaid Items	58,177	0	0	40,124	98,301
<i>Total Assets</i>	<u>\$6,202,627</u>	<u>\$2,548,514</u>	<u>\$1,081,453</u>	<u>\$1,503,026</u>	<u>\$11,335,620</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$54,184	\$0	\$0	\$16,887	\$71,071
Accrued Wages and Benefits Payable	448,989	0	0	90,943	539,932
Intergovernmental Payable	79,287	0	0	23,006	102,293
Matured Compensated Absences	19,380	0	0	0	19,380
Interfund Payable	0	0	0	520,468	520,468
<i>Total Liabilities</i>	<u>601,840</u>	<u>0</u>	<u>0</u>	<u>651,304</u>	<u>1,253,144</u>
Deferred Inflows of Resources					
Property Taxes	2,312,468	0	0	0	2,312,468
Unavailable Revenue	338,618	0	0	165,676	504,294
<i>Total Deferred Inflows of Resources</i>	<u>2,651,086</u>	<u>0</u>	<u>0</u>	<u>165,676</u>	<u>2,816,762</u>
Fund Balances					
Nonspendable	82,641	0	0	41,672	124,313
Restricted	0	0	1,081,453	1,163,202	2,244,655
Committed	31,667	0	0	0	31,667
Assigned	2,835,393	2,548,514	0	0	5,383,907
Unassigned	0	0	0	(518,828)	(518,828)
<i>Total Fund Balances</i>	<u>2,949,701</u>	<u>2,548,514</u>	<u>1,081,453</u>	<u>686,046</u>	<u>7,265,714</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$6,202,627</u>	<u>\$2,548,514</u>	<u>\$1,081,453</u>	<u>\$1,503,026</u>	<u>\$11,335,620</u>

See accompanying notes to the basic financial statements

Gallia-Jackson-Vinton Joint Vocational School District, Ohio
*Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2014*

Total Governmental Fund Balances		\$7,265,714
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>		
Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds.		18,973,543
Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds:		
Delinquent Property Taxes	335,933	
Customer Sales and Services	2,685	
Intergovernmental Revenues	165,676	504,294
 An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and the liabilities of the internal service fund are included in governmental activities in the statement of net position.		 20,486
 Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Qualified Zone Academy Bonds	(1,836,000)	
Accrued Interest Payable	(14,237)	
Sick Leave Benefits Payable	(435,595)	
Vacation Leave Payable	(40,089)	(2,325,921)
 Net Position of Governmental Activities		 <u><u>\$24,438,116</u></u>

See accompanying notes to the basic financial statements

Gallia-Jackson-Vinton Joint Vocational School District, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014

	General	Permanent Improvements	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$2,567,822	\$0	\$0	\$0	\$2,567,822
Intergovernmental	4,968,877	0	0	1,714,196	6,683,073
Investment Earnings	168,910	0	21,016	4,629	194,555
Tuition and Fees	13,712	0	0	0	13,712
Customer Sales and Services	19,742	0	0	156,952	176,694
Rent	474	0	0	0	474
Extracurricular Activities	735	0	0	0	735
Gifts and Donations	58,500	0	0	0	58,500
Miscellaneous	25,787	0	0	0	25,787
<i>Total Revenues</i>	<u>7,824,559</u>	<u>0</u>	<u>21,016</u>	<u>1,875,777</u>	<u>9,721,352</u>
Expenditures					
Current:					
Instruction:					
Regular	72,220	0	0	0	72,220
Special	0	0	0	799,642	799,642
Vocational	3,752,148	0	0	221,342	3,973,490
Adult/Continuing	0	0	0	563,711	563,711
Support Services:					
Pupils	335,371	0	0	38,295	373,666
Instructional Staff	333,320	0	0	98,098	431,418
Board of Education	79,187	0	0	0	79,187
Administration	421,576	0	0	76,311	497,887
Fiscal	370,401	0	0	16,712	387,113
Business	56,906	0	0	0	56,906
Operation and Maintenance of Plant	874,616	0	0	137,544	1,012,160
Pupil Transportation	12,070	0	0	0	12,070
Central	49,031	0	0	1,800	50,831
Operation of Non-Instructional Services:					
Food Service Operations	0	0	0	216,736	216,736
Extracurricular Activities	15,458	0	0	0	15,458
Debt Service:					
Principal Retirement	0	0	0	204,000	204,000
Interest and Fiscal Charges	0	0	0	47,328	47,328
<i>Total Expenditures</i>	<u>6,372,304</u>	<u>0</u>	<u>0</u>	<u>2,421,519</u>	<u>8,793,823</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,452,255</u>	<u>0</u>	<u>21,016</u>	<u>(545,742)</u>	<u>927,529</u>
Other Financing Sources (Uses)					
Transfers In	0	0	0	183,691	183,691
Proceeds from Sale of Capital Assets	46	0	0	0	46
Insurance Recoveries	32,950	0	0	0	32,950
Transfers Out	(333,691)	0	0	0	(333,691)
<i>Total Other Financing Sources (Uses)</i>	<u>(300,695)</u>	<u>0</u>	<u>0</u>	<u>183,691</u>	<u>(117,004)</u>
<i>Net Change in Fund Balance</i>	<u>1,151,560</u>	<u>0</u>	<u>21,016</u>	<u>(362,051)</u>	<u>810,525</u>
<i>Fund Balances at Beginning of Year - Restated (See Note 21)</i>	<u>1,798,141</u>	<u>2,548,514</u>	<u>1,060,437</u>	<u>1,048,097</u>	<u>6,455,189</u>
<i>Fund Balances at End of Year</i>	<u>\$2,949,701</u>	<u>\$2,548,514</u>	<u>\$1,081,453</u>	<u>\$686,046</u>	<u>\$7,265,714</u>

See accompanying notes to the basic financial statements

Gallia-Jackson-Vinton Joint Vocational School District, Ohio
*Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2014*

Net Change in Fund Balances - Total Governmental Funds \$810,525

*Amounts reported for governmental activities in the statement
of activities are different because*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period:

Capital Asset Additions	129,538	
Depreciation Expense	<u>(683,178)</u>	(553,640)

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (7,539)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Delinquent Property Taxes	(85,770)	
Customer Sales and Services	2,685	
Intergovernmental Revenues	<u>46,914</u>	(36,171)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 204,000

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, and interest expenditure is reported when due. 1,582

The internal service fund used by management to charge the cost of insurance to individual funds is not reported in the government-wide statement of activities. Governmental expenditures and the related internal service fund revenue are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities: 34,422

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Sick Leave Benefits Payable	55,216	
Vacation Leave Payable	<u>(3,924)</u>	<u>51,292</u>

Change in Net Position of Governmental Activities \$504,471

See accompanying notes to the basic financial statements

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

Statement of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual (Budget Basis)

General Fund

For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$2,555,400	\$2,548,797	\$2,548,797	\$0
Intergovernmental	4,956,221	4,968,877	4,968,877	0
Interest	160,000	168,761	168,761	0
Charges for Services	17,016	18,492	18,492	0
Rent	500	474	474	0
Extracurricular	1,000	735	735	0
Gifts and Donations	58,500	58,500	58,500	0
Miscellaneous	51,861	18,359	18,359	0
<i>Total Revenues</i>	<u>7,800,498</u>	<u>7,782,995</u>	<u>7,782,995</u>	<u>0</u>
Expenditures				
Current:				
Instruction:				
Regular	96,900	77,616	77,616	0
Vocational	4,270,871	3,893,588	3,893,588	0
Support Services:				
Pupils	398,261	338,209	338,209	0
Instructional Staff	254,118	386,168	386,168	0
Board of Education	226,058	142,245	142,245	0
Administration	513,509	453,821	453,821	0
Fiscal	465,527	386,729	386,729	0
Business	68,853	58,218	58,218	0
Operation and Maintenance of Plant	1,302,600	893,933	893,933	0
Pupil Transportation	36,510	18,209	18,209	0
Central	308,336	59,365	59,365	0
Extracurricular Activities	17,700	15,458	15,458	0
<i>Total Expenditures</i>	<u>7,959,243</u>	<u>6,723,559</u>	<u>6,723,559</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(158,745)</u>	<u>1,059,436</u>	<u>1,059,436</u>	<u>0</u>
Other Financing Sources (Uses)				
Advances In	103,100	103,089	103,089	0
Proceeds from Sale of Capital Assets	3,145	46	46	0
Insurance Recoveries	35,000	32,950	32,950	0
Refund of Prior Year Expenditures	5,000	5,251	5,251	0
Refund of Prior Year Receipt	(11,500)	0	0	0
Transfers Out	(1,949,576)	(338,874)	(338,874)	0
Advances Out	(125,000)	(469,558)	(469,558)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(1,939,831)</u>	<u>(667,096)</u>	<u>(667,096)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(2,098,576)	392,340	392,340	0
<i>Fund Balance at Beginning of Year</i>	1,712,327	1,712,327	1,712,327	0
Prior Year Encumbrances Appropriated	386,249	386,249	386,249	0
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$2,490,916</u>	<u>\$2,490,916</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

Statement of Fund Net Position

Proprietary Funds

June 30, 2014

	Business-Type Activities			Governmental
	Adult Education	Other	Total	Internal Service
		Enterprise Fund	Enterprise Funds	
Assets				
Current :				
Equity in Pooled Cash and Cash Equivalents	\$2,171,063	\$118,015	\$2,289,078	\$45,682
Accounts Receivable	12,095	1,511	13,606	0
Intergovernmental Receivable	85,959	0	85,959	0
Prepaid Items	3,304	0	3,304	0
<i>Total Current Assets</i>	<u>2,272,421</u>	<u>119,526</u>	<u>2,391,947</u>	<u>45,682</u>
Noncurrent:				
Depreciable Capital Assets, Net	88,617	0	88,617	0
<i>Total Assets</i>	<u>2,361,038</u>	<u>119,526</u>	<u>2,480,564</u>	<u>45,682</u>
Liabilities				
Current:				
Accounts Payable	10,795	0	10,795	0
Accrued Wages and Benefits Payable	23,229	0	23,229	0
Intergovernmental Payable	5,180	188	5,368	0
Accrued Vacation Leave Payable	4,894	0	4,894	0
Claims Payable	0	0	0	25,196
<i>Total Current Liabilities</i>	<u>44,098</u>	<u>188</u>	<u>44,286</u>	<u>25,196</u>
Long-Term:				
Compensated Absences Payable	29,206	0	29,206	0
<i>Total Liabilities</i>	<u>73,304</u>	<u>188</u>	<u>73,492</u>	<u>25,196</u>
Net Position				
Net Investment in Capital Assets	88,617	0	88,617	0
Unrestricted	2,199,117	119,338	2,318,455	20,486
<i>Total Net Position</i>	<u>\$2,287,734</u>	<u>\$119,338</u>	<u>\$2,407,072</u>	<u>\$20,486</u>

See accompanying notes to the basic financial statements

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Statement of Revenues, Expenses,
and Changes in Fund Net Position
Proprietary Funds
For the Year December 31, 2014*

	Business-Type Activities			Governmental
	Other		Total	Activities
	Adult Education	Enterprise Fund	Enterprise Funds	Internal Service
Operating Revenues				
Tuition and Fees	\$735,668	\$0	\$735,668	\$0
Sales	98,877	0	98,877	0
Charges for Services	493,573	7,811	501,384	0
Other Operating Revenues	3,617	0	3,617	1,981
<i>Total Operating Revenues</i>	<u>1,331,735</u>	<u>7,811</u>	<u>1,339,546</u>	<u>1,981</u>
Operating Expenses				
Salaries and Wages	1,051,213	0	1,051,213	0
Fringe Benefits	188,579	0	188,579	0
Purchased Services	133,800	0	133,800	5,158
Materials and Supplies	110,575	9,071	119,646	0
Depreciation	20,525	0	20,525	0
Claims	0	0	0	112,329
Other Operating Expenses	60,093	561	60,654	72
<i>Total Operating Expenses</i>	<u>1,564,785</u>	<u>9,632</u>	<u>1,574,417</u>	<u>117,559</u>
<i>Operating Loss</i>	<u>(233,050)</u>	<u>(1,821)</u>	<u>(234,871)</u>	<u>(115,578)</u>
Non-Operating Revenues				
Federal and State Subsidies	320,335	0	320,335	0
Loss on Sale of Capital Assets	(1,050)	0	(1,050)	0
<i>Total Non-Operating Revenue</i>	<u>319,285</u>	<u>0</u>	<u>319,285</u>	<u>0</u>
Income (Loss) before Transfers	86,235	(1,821)	84,414	(115,578)
Transfers	0	0	0	150,000
<i>Change in Net Position</i>	<u>86,235</u>	<u>(1,821)</u>	<u>84,414</u>	<u>34,422</u>
<i>Net Position (Deficit) at Beginning of Year</i>	<u>2,201,499</u>	<u>121,159</u>	<u>2,322,658</u>	<u>(13,936)</u>
<i>Net Position at End of Year</i>	<u>\$2,287,734</u>	<u>\$119,338</u>	<u>\$2,407,072</u>	<u>\$20,486</u>

See accompanying notes to the basic financial statements

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

Statement of Cash Flows

Proprietary Funds

For the Fiscal Year Ended June 30, 2014

	Business-Type Activities			Governmental
	Rotary		Total	Activities
	Adult	Services	Enterprise	Internal
	Education	Fund	Funds	Service
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities				
Cash Received from Customers	\$686,051	\$7,350	\$693,401	\$0
Cash Received from Tuition and Fees	839,715	0	839,715	0
Cash Payments for Employee Services and Benefits	(1,321,009)	0	(1,321,009)	0
Cash Payments to Suppliers for Goods and Services	(215,111)	(8,883)	(223,994)	(5,158)
Cash Payments for Claims	0	0	0	(101,069)
Other Operating Revenues	3,617	0	3,617	1,981
Other Operating Expenses	(59,985)	(561)	(60,546)	(72)
<i>Net Cash Used for Operating Activities</i>	<u>(66,722)</u>	<u>(2,094)</u>	<u>(68,816)</u>	<u>(104,318)</u>
Cash Flows from Noncapital Financing Activities				
Operating Transfers In	0	0	0	150,000
Operating Grants Received	320,335	0	320,335	0
<i>Net Cash Provided by Non-Capital and Related Financing Activities</i>	<u>320,335</u>	<u>0</u>	<u>320,335</u>	<u>150,000</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	253,613	(2,094)	251,519	45,682
<i>Cash and Cash Equivalents at Beginning of Year</i>	1,917,450	120,109	2,037,559	0
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$2,171,063</u>	<u>\$118,015</u>	<u>\$2,289,078</u>	<u>\$45,682</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities				
<i>Operating Income (Loss)</i>	(\$233,050)	(\$1,821)	(\$234,871)	(\$115,578)
<i>Adjustments:</i>				
Depreciation	20,525	0	20,525	0
<i>(Increase) Decrease in Assets:</i>				
Accounts Receivable	(960)	(461)	(1,421)	0
Intergovernmental Receivable	198,608	0	198,608	0
Prepaid Items	(2,085)	0	(2,085)	0
<i>Increase (Decrease) in Liabilities:</i>				
Accounts Payable	10,695	0	10,695	0
Claims Payable	0	0	0	11,260
Accrued Wages and Benefits Payable	(50,469)	0	(50,469)	0
Vacation Leave Payable	(270)	0	(270)	0
Compensated Absences Payable	(1,420)	0	(1,420)	0
Intergovernmental Payable	(8,296)	188	(8,108)	0
<i>Net Cash Used for Operating Activities</i>	<u>(\$66,722)</u>	<u>(\$2,094)</u>	<u>(\$68,816)</u>	<u>(\$104,318)</u>

See accompanying notes to the basic financial statements

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

Statement of Assets and Liabilities

Agency Fund

June 30, 2014

	<u>Student Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$2,344</u>
Liabilities	
Due to Students	<u>\$2,344</u>

See accompanying notes to the basic financial statements

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Gallia-Jackson-Vinton Joint Vocational School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

Note 1 - Description of the School District and Reporting Entity

The Gallia-Jackson-Vinton Joint Vocational School District (the School District) is a joint vocational school district as defined by Section 3311.18 of the Ohio Revised Code and is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of nine members from the six participating school districts located within Gallia, Jackson, and Vinton Counties. The Board consists of five members from the three city school districts and four members from the three local school districts. The School District exposes students to job training leading to employment upon graduation from high school.

The School District was formed in 1970. The buildings are located on a 47.63 acre site and were opened for instruction in 1975. It is staffed by 23 classified employees, 51 certificated employees, and 12 administrative employees who provide services to 1,057 high school students and 200 adult students through the adult education department evening classes and customized training for business and industry.

Reporting Entity

A reporting entity is composed of the stand-alone government, component units, and other organizations that are included to ensure that the financial statements of the School District are not misleading. The School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefit to, or impose specific financial burdens on, the primary government. The School District has no component units.

The School District participates in the Southeastern Ohio Voluntary Education Cooperative and the Coalition of Rural and Appalachian Schools, which are defined as jointly governed organizations, and the Ohio School Plan and the Ohio School Boards Association Workers' Compensation Group Rating Plan, which are defined as insurance purchasing pools. These organizations are presented in Notes 17 and 18.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the stand-alone government, except for fiduciary funds. The activity of the Internal Service Fund is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the School District that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts, or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net position presents the financial condition of the governmental and business-type activities of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department, and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants, contributions, and investment earnings that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The Internal Service Fund is presented in a single column on the face of the proprietary fund statements. The fiduciary fund is reported by type.

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the School District are divided into three categories: governmental, proprietary, and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources, and liabilities and deferred inflows of resources is reported as fund balance. The following are a list of the School District's major governmental funds:

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

General Fund The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Permanent Improvements Capital Projects Fund The Permanent Improvements Capital Projects Fund accounts for financial resources to be used for the acquisition, construction, or improvement of capital facilities.

Classroom Facilities Capital Projects Fund The Classroom Facilities Capital Projects Fund accounts for grant and debt proceeds used for the renovation and reconstruction of the School District's school facilities.

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Fund Types Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service.

Enterprise Fund Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District's only major enterprise fund accounts for the operation of the School District's adult education program.

Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounted for the operation of the School District's self-insurance program for employee medical and surgical claims.

Fiduciary Fund Type Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's only fiduciary fund is an agency fund, which accounts for student loans.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net position. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared.

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

Like the government-wide statements, the proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, in the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes and grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, investment earnings, tuition, grants, fees, and charges for services.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance fiscal year 2015 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, customer sales and services, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

Expenses/Expenditures On the accrual basis, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds, except for the cash with fiscal agents, are maintained in this pool. Individual fund integrity is maintained through the School District's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

During fiscal year 2014, investments were limited to non-negotiable certificates of deposit, which are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue is credited to the General Fund; the Lunchroom Special Revenue Fund; and the OSFC-FYI and the Classroom Facilities Capital Projects Funds. Investment earnings credited to the General Fund during fiscal year 2014 amounted to \$168,910, which includes \$123,658 assigned from other School District funds.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2014, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

G. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expensed/expended when used. Inventory consists of materials and supplies held for consumption and donated and purchased food held for resale.

H. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported on the fund financial statements. Capital assets utilized by the Adult Education Enterprise Fund are reported both in the business-type activity column of the government-wide statement of net position and in the fund.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. The School District was able to estimate the historical cost for the initial reporting of certain assets by back trending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of two thousand five hundred dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets, except land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	50 years
Furniture and Equipment	5 - 20 years
Vehicles	5 - 20 years
Textbooks	5 - 20 years

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column of the statement of net position.

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The liability for vacation benefits is recorded as "vacation benefits payable", rather than long-term liabilities, as the balances are to be used by employees in the fiscal year following the fiscal year in which the benefit was earned.

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for employees with ten or more years of current service with the School District.

The entire compensated absences liability is reported on the government-wide financial statements.

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are reported as "matured compensated absences payable" in the fund from which the employees who will receive the payment are paid.

K. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from the enterprise fund are reported on the enterprise fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the governmental fund financial statements when due.

L. Internal Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental activities are eliminated. Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the Statement of Activities. Payments of interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

M. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds. The classifications are as follows:

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Nonspendable: The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” includes items that are not expected to be converted to cash.

Restricted: Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Board of Education. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for the use in satisfying those contractual requirements.

Assigned: Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education or a School District official delegated that authority by resolution or State statute.

Unassigned: The unassigned fund balance is the residual classification for the General Fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balances.

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first, followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which the amounts in any of the unrestricted fund balance classifications could be used.

N. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for adult education programs and rotary activity. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. Revenues and expenses not meeting this definition are reported as non-operating.

P. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Q. Budgetary Process

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board of Education's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board of Education. The legal level of control has been established by the Board of Education at the fund level. The Treasurer maintains budgetary information at the function and object level and has the authority to allocate appropriations to the function and object level.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statement reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the amended certificate in effect when final appropriations for the fiscal year were passed.

The appropriation resolution is subject to amendment by the Board of Education throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board of Education during the fiscal year.

Note 3 - Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

Fund Balances	General Fund	Permanent Improvements Fund	Classroom Facilities Fund	Other Governmental Funds	Total
Nonspendable:					
Prepays	\$58,177	\$0	\$0	\$40,124	\$98,301
Materials and Supplies Inventory	24,464	0	0	1,548	26,012
<i>Total Nonspendable</i>	<u>82,641</u>	<u>0</u>	<u>0</u>	<u>41,672</u>	<u>124,313</u>
Restricted for:					
State Grant Expenditures	0	0	0	4,860	4,860
Food Service Expenditures	0	0	0	59,855	59,855
Capital Improvements	0		1,081,453	1,098,487	2,179,940
<i>Total Restricted</i>	<u>0</u>	<u>0</u>	<u>1,081,453</u>	<u>1,163,202</u>	<u>2,244,655</u>
Committed to:					
Scholarships	439	0	0	0	439
Equipment Purchases	31,228	0	0	0	31,228
<i>Total Committed</i>	<u>31,667</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>31,667</u>
Assigned to:					
School Support Services	17,412	0	0	0	17,412
Purchases on Order	257,977	0	0	0	257,977
Appropriations for Fiscal Year 2015	2,560,004	0	0	0	2,560,004
Capital Improvements	0	2,548,514	0	0	2,548,514
<i>Total Assigned</i>	<u>2,835,393</u>	<u>2,548,514</u>	<u>0</u>	<u>0</u>	<u>5,383,907</u>
Unassigned:	0	0	0	(518,828)	(518,828)
<i>Total Fund Balances</i>	<u>\$2,949,701</u>	<u>\$2,548,514</u>	<u>\$1,081,453</u>	<u>\$686,046</u>	<u>\$7,265,714</u>

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

Note 4 - Fund Deficits

The following funds had deficit fund balances as of June 30, 2014:

	<u>Deficit Fund Balances</u>
Special Revenue Funds:	
Special Education Consortium	\$159,272
Adult Basic Literacy Education	26,744
Perkins	79,194
Pell	1,523
Title II-A	263
Debt Service Fund:	
Bond Retirement Fund	251,328

These deficits resulted from payables recorded in accordance with Generally Accepted Accounting Principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 5 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) presented for the General Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP (modified accrual) basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a commitment or assignment of fund balance (GAAP basis).
4. Advances In and Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Prepaid items are reported on the balance sheet (GAAP basis), but not on the budgetary basis.
6. Certain funds are accounted for as separate funds internally with legally adopted budgets (budget basis) that do not meet the definition of special revenue funds under GASB Statement No. 54 and were reported with the General Fund for GAAP reporting.

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund.

Net Change in Fund Balance

GAAP Basis	\$1,151,560
Net Adjustment for:	
Revenue Accruals	(19,810)
Expenditure Accruals	(791)
Prepaid Items:	
Beginning of Fiscal Year	3,834
End of Fiscal Year	(58,177)
To reclassify excess of expenditures over revenues into financial statement fund types	4,689
Advances In	103,089
Advances Out	(469,558)
Encumbrances	<u>(322,496)</u>
Budget Basis	<u><u>\$392,340</u></u>

Note 6 - Deposits and Investments

Monies held by the School District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active monies must be maintained either as cash in the School District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) above;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

Deposits Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$10,019,363 of the School District's bank balance of \$10,369,363 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirement could potentially subject the School District to a successful claim by the FDIC.

The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Note 7 - Property Taxes

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First-half tax collections are received by the School District in the second half of the fiscal year. Second-half tax distributions occur in the first half of the following fiscal year.

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar 2014 represents collections of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed value listed as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State statute at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2014 represents collections of calendar year 2013 taxes. Public utility real property taxes received in calendar year 2014 became a lien December 31, 2012, were levied after April 1, 2013 and are collected with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Gallia, Jackson, Vinton, and Lawrence Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2014, are available to finance fiscal year 2014 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility taxes which are measurable as of June 30, 2014, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2014, was \$116,270 and is recognized as revenue in the General Fund. The amount available as an advance to the General Fund at June 30, 2013, was \$97,245.

On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

The assessed values upon which the fiscal year 2014 taxes were collected are:

	2013 Second-Half Collections		2014 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$846,149,960	61.35%	\$856,551,440	62.18%
Commercial/Industrial and Public Utility Real	221,322,100	16.04%	219,903,640	15.97%
Public Utility Personal	311,843,740	22.61%	300,945,490	21.85%
Total	\$1,379,315,800	100.00%	\$1,377,400,570	100.00%
Tax Rate per \$1,000 of assessed valuation	\$2.00		\$2.00	

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

Note 8 - Interfund Activity

A. Transfers

The General Fund transferred \$183,691 to the Classroom Maintenance Fund. This transfer was made to meet the School District's facilities maintenance requirements as part of the Ohio School Facilities Commission funding. The General Fund also transferred \$150,000 to the Internal Service Fund.

B. Interfund Balances

Interfund balances at June 30, 2014, arise from the provision of cash flow resources from the General Fund until the receipt of grant monies by the Special Revenue Funds and from lags between the dates interfund goods and services are provided, transactions were recorded in the accounting system, and payments between funds were made.

	Interfund Receivables	Interfund Payables
General Fund	<u>\$520,468</u>	<u>\$0</u>
Other Governmental Funds:		
Special Education	0	86,670
Adult Basic Literacy Education	0	21,460
Resident Educator	0	1,750
Perkins	0	157,477
Pell	0	1,523
Title II-A	0	260
Total Other Governmental Funds	<u>0</u>	<u>269,140</u>
Debt Service Funds:		
QZAB Retirement	0	251,328
Total All Funds	<u><u>\$520,468</u></u>	<u><u>\$520,468</u></u>

Note 9 - Significant Commitments

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

Governmental Activities:	
General Fund	\$322,496
Other Governmental Funds	<u>169,110</u>
Total Governmental Funds	<u>491,606</u>
Business-Type Activities:	
Adult Education Enterprise Fund	58,779
Self Insurance Internal Service Fund	<u>33,283</u>
Total Business-Type Funds	<u>92,062</u>
Agency Fund:	
Pell Grant Fund	<u>2310</u>
Total	<u><u>\$585,978</u></u>

Note 10 - Receivables

Receivables at June 30, 2014, consisted of property taxes, accrued interest, accounts, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of \$335,933 may not be collected within one year. All other receivables are expected to be collected within one year. A summary of principal items of intergovernmental receivables follows:

	<u>Amounts</u>
Governmental Activities:	
Adult Basic Literacy Education	\$46,294
Resident Educator	1,750
Carl Perkins	110,438
Title II-A	260
Rural Education Assistance	8,684
Miscellaneous	<u>636</u>
Total Governmental Activities	<u>168,062</u>
Business-Type Activity:	
Adult Education	<u>85,959</u>
Total	<u><u>\$254,021</u></u>

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

Note 11 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	<u>Balance</u> <u>6/30/2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/2014</u>
Governmental Activities:				
Capital Assets:				
Capital Assets not being depreciated:				
Land	\$110,702	\$0	\$0	\$110,702
Depreciable Capital Assets:				
Buildings and Improvements	22,970,762	78,425	0	23,049,187
Furniture and Equipment	2,384,769	51,113	(27,543)	2,408,339
Vehicles	361,890	0	0	361,890
Textbooks	105,839	0	0	105,839
Total Capital Assets being Depreciated	<u>25,823,260</u>	<u>129,538</u>	<u>(27,543)</u>	<u>25,925,255</u>
Less Accumulated Depreciation				
Buildings and Improvements	(4,755,664)	(473,538)	0	(5,229,202)
Furniture and Equipment	(1,338,377)	(183,698)	20,004	(1,502,071)
Vehicles	(199,360)	(25,942)	0	(225,302)
Textbooks	(105,839)	0	0	(105,839)
Total Accumulated Depreciation	<u>(6,399,240)</u>	<u>(683,178) *</u>	<u>20,004</u>	<u>(7,062,414)</u>
Total Capital Assets being Depreciated, Net	<u>19,424,020</u>	<u>(553,640)</u>	<u>(7,539)</u>	<u>18,862,841</u>
Governmental Activities Capital Assets, Net	<u>\$19,534,722</u>	<u>(\$553,640)</u>	<u>(\$7,539)</u>	<u>\$18,973,543</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Special	\$92,669
Vocational	371,617
Adult/Continuing	25,904
Support Services:	
Pupils	24,953
Instructional Staff	25,657
Administration	23,114
Fiscal	15,030
Business	9,809
Operation and Maintenance of Plant	66,800
Transportation	5,019
Central	4,479
Food Service	18,127
Total Depreciation Expense	<u>\$683,178</u>

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

	Balance 6/30/2013	Additions	Deductions	Balance 6/30/2014
Business-Type Activity:				
Capital Assets:				
Furniture and Equipment	\$260,519	\$0	(\$13,500)	\$247,019
Less Accumulated Depreciation				
Furniture and Equipment	(150,327)	(20,525)	12,450	(158,402)
Business-Type Activity Capital Assets, Net	<u>\$110,192</u>	<u>(\$20,525)</u>	<u>(\$1,050)</u>	<u>\$88,617</u>

Note 12 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School District joined together with other schools districts in Ohio to participate in the Ohio School Plan (OSP), an insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium to the OSP (See Note 18). The types and amounts of coverage provided by the OSP are as follows:

Property	Deductible	Limits of Coverage
Building and Contents - Replacement Cost	\$1,000	\$37,268,413
General Liability:		
Each Occurrence		5,000,000
Aggregate Limit		7,000,000
Sexual Abuse		5,000,000
Products - Completed Operations Aggregate Limit		5,000,000
Personal and Advertising Injury Limit - Each Offense		5,000,000
Errors and Omissions:		
Each Occurrence	2,500	5,000,000
Aggregate Limit		7,000,000
Employers' Liability- Stop Gap:		
Each Accident		5,000,000
By Disease		5,000,000
Fiduciary Liability:		
Each Fiduciary Claim Limit	2,500	5,000,000
Aggregate Limit		7,000,000
Vehicles:		
Bodily Injury:		
Liability	1,000	5,000,000
Uninsured Motorist		1,000,000

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from last fiscal year.

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

B. Workers' Compensation

For fiscal year 2014, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 19). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control, and actuarial services to the GRP.

C. Medical Expense Reimbursement Plan

The School District has a Medical Expense Reimbursement Plan, Max 105, to reimburse eligible employees (those that are participating in the School District's health plan) for the portion of their and their dependent's health claims. The Max 105 program is a combination of benefits that are provided by the School District, United Healthcare, and Patrick Benefits Administrators. The School District's health plan with United Healthcare covers the employees' major medical costs. The policy is a high deductible plan. The Max 105 program covers the difference between the high deductible plan with United Healthcare and the employees' personal deductible.

The purpose of the Max 105 program is to reimburse employees covered under the Max 105 program for a portion of the uninsured medical expenses they incur each year while they are employed with the School District and the Max 105 remains in effect. It is to help the employee and their dependents receive the medical care needed in the most cost-effective manner possible.

The claims paid are those submitted after the employee's deductible amount has been reached, but before the employer's health plan deductible with United Healthcare has been reached. Claims covered are for amounts applied to the medical deductible and co-insurance expenses incurred during the plan year, up to the employer's health plan annual deductible amount with United Healthcare.

Changes in claims activity for the current and preceding fiscal years are as follows:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2013	\$17,919	\$105,568	\$109,551	\$13,936
2014	13,936	112,329	101,069	25,196

Note 13 - Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. No more than two years of vacation is permitted to be carried forward and should be used in the fiscal year following accrual. Teachers do not earn vacation time.

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 240 days. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave to a maximum of 60 days for all employees. In addition, teachers and other certified employees are given one additional day for each five years of service from fifteen (15) to thirty-five (35) years, and classified employees are given one additional day for each five years of service from fifteen (15) to thirty (30) years.

B. Insurance

The School District provides life insurance and accidental death and dismemberment insurance to all full-time employees through United Healthcare in the amount of \$20,000.

The School District contracts with United Healthcare for hospitalization and major medical insurance for all full-time employees. The School District pays monthly premiums of \$1,539 for family coverage, \$1,026 for employee/spouse coverage, \$923 for employee/child coverage, and \$512 for individual coverage. This coverage includes prescription drug insurance for the employees, utilizing a prescription deductible of \$15 for formulary generic, \$40 for formulary brand, and \$80 for non-formulary.

Note 14 - Defined Benefit Pension Plans

A. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by visiting the SERS website at www.ohsers.org under Employers/ Audit Resources.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2014, the allocation to pension and death benefits was 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2014, 2013, and 2012, were \$146,312, \$153,638, and \$140,357, respectively. For fiscal year 2014, 94.81% percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

B. State Teachers Retirement System

Plan Description – The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that can be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50. Benefits are established by Ohio Revised Code Chapter 3307.

A DB or Combined Plan member with five or more years of credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 11 percent for members and 14 percent for employers. The statutory maximum employee contribution rate will be increased one percent each year beginning July 1, 2013, until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2014, plan members were required to contribute 11 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's required contributions for pension obligations to STRS Ohio for the DB plan and for the defined benefit portion of the Combined Plan were \$562,257 and \$24,317 for the fiscal year ended June 30, 2014, \$608,067 and \$31,260 for the fiscal year ended June 30, 2013, and \$628,495 and \$31,945 for the fiscal year ended June 30, 2012. For fiscal year 2014, 90.56% percent has been contributed for the DB plan and 90.16 percent has been contributed for the Combined Plan, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

Contributions made to STRS Ohio for the DC Plan for fiscal year 2014 were \$4,259, made by the School District, and \$3,346 made by the plan members. In addition, member contributions of \$15,760 were made for fiscal year 2014 for the defined benefit contribution portion of the Combined Plan.

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2014, seven members of the Board of Education elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 15 - Postemployment Benefits

A. School Employees Retirement System

Plan Description – The School District participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2014, 0.14 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for fiscal year 2014, this amount was \$20,250.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012, were \$17,492, \$20,674, and \$29,855, respectively. For fiscal year 2014, 6.80 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2014, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012, were \$8,495, \$8,545, and \$8,368, respectively. For fiscal year 2014, 94.82 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

B. State Teachers Retirement System

Plan Description – The School District participates in the cost-sharing multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians’ fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2014, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to post-employment health care. The School District’s contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012, were \$45,121, \$49,256, and \$50,803 respectively. For fiscal year 2014, 90.56 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012. The STRS Board voted to discontinue the current one percent allocation to the health care fund effective July 1, 2014.

Note 16 - Long-Term Obligations

The changes in the School District’s long-term obligations during the fiscal year consist of the following:

	Principal Outstanding 6/30/13	Additions	Deductions	Principal Outstanding 6/30/14	Amounts Due in One Year
Governmental Activities:					
2008 Qualified Zone Academy Bonds - 2.31%	\$2,040,000	\$0	\$204,000	\$1,836,000	\$204,000
Sick Leave Benefits Payable	490,811	0	55,216	435,595	2,211
Total Governmental Activities	<u>\$2,530,811</u>	<u>\$0</u>	<u>\$259,216</u>	<u>\$2,271,595</u>	<u>\$206,211</u>
Business-Type Activities:					
Sick Leave Benefits Payable	<u>\$30,626</u>	<u>\$0</u>	<u>\$1,420</u>	<u>\$29,206</u>	<u>\$0</u>

On March 1, 2008, the School District issued \$3,060,000 of qualified zone academy bonds (QZAB), in accordance with Section 226 of the Taxpayer Relief Act of 1997 (Public Law 105-34), for use as the School District’s locally funded portion in upgrading existing facilities through the Ohio Schools Facilities Commission. The QZAB matures in 2023. The QZAB was issued through a series of lease agreements and trust indentures in accordance with Section 3313.375 of the Ohio Revised Code. In accordance with the lease terms, the project assets are leased to the Ohio Valley Bank Company, and then subleased back to the School District. The QZAB was issued through a series of annual leases with an initial lease term of fifteen years which includes the right to renew for fifteen successive one-year leases through March 1, 2023, subject to annual appropriations.

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

To satisfy trustee requirements, the School District is required to make annual base rent payments, subject to lease terms and appropriations. Annual base rent requirements to retire the Qualified Zone Academy Bonds outstanding at June 30, 2014 are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2015	\$204,000	\$42,595
2016	204,000	37,862
2017	204,000	33,130
2018	204,000	28,397
2019	204,000	23,664
2020-2023	816,000	47,328
	<u>\$1,836,000</u>	<u>\$212,976</u>

Sick leave benefits will be paid from the General Fund; the Food Service, Special Education Consortium, and Perkins Grant Special Revenue Funds; and the Adult Education Enterprise Fund.

The School District's overall legal debt margin was \$123,942,684, with an unvoted debt margin of \$12,394,268 at June 30, 2014.

Note 17 - Jointly Governed Organizations

A. Southeastern Ohio Voluntary Education Cooperative (SEOVEC)

SEOVEC was created as a regional council of governments pursuant to State statutes. SEOVEC is a computer consortium formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. SEOVEC has 27 participants consisting of school districts in eight southeastern Ohio counties. SEOVEC is governed by a governing board which is selected by the member districts. SEOVEC possesses its own budgeting and taxing authority. During fiscal year 2014, the School District paid \$20,722 to SEOVEC. To obtain financial information, write to the Southeastern Ohio Voluntary Education Cooperative at 221 North Columbus Road, Athens, Ohio 45701.

B. Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools is a jointly governed organization composed of 136 school districts and other educational institutions in the 35-county region of Ohio designated as Appalachia. The Coalition is operated by a Board which is composed of seventeen members. One elected and one appointed from each of the seven regions into which the 35 Appalachian counties are divided; and three from Ohio University College of Education. The Coalition provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Coalition. The School District's membership fee was \$325 for fiscal year 2014. The financial information for the Coalition can be obtained from the Executive Director, at McCracken Hall, Ohio University, Athens, Ohio 45701.

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

Note 18 - Insurance Purchasing Pools

A. Ohio School Plan

The School District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The OSP is created and organized pursuant to and is authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint-insurance purchasing program to maintain adequate insurance protection, risk management programs, and other administrative services. The OSP's business and affairs are conducted by a fifteen member Board of Directors consisting of school district superintendents and treasurers, as well as the president of Harcum-Hyre Insurance Agency, Inc. and a partner of the Hylant Group, Inc. Hylant Group, Inc. is the Administrator of the OSP and is responsible for processing claims. Harcum-Hyre Insurance Agency, Inc. is the sales and marketing representative, which establishes agreements between the OSP and member school districts.

B. Ohio School Boards Association Workers' Compensation Group Rating Plan

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating School Districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Note 19 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2014.

B. Litigation

The School District is currently not party to any legal proceedings.

Note 20 - Set-Asides

The School District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by fiscal year end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end and carried forward to be used for the same purposes in future fiscal years. In prior fiscal years, the School District was also required to set-aside money for textbooks.

Gallia-Jackson-Vinton Joint Vocational School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

Effective April 10, 2001, through Amended Substitute Senate Bill 345, the requirement for school districts to establish and appropriate money for the budget stabilization was deleted from law. A school district may still establish reserve balance accounts consistent with Section 5705.13, Revised Code, if it so chooses; however, the requirement is no longer mandatory.

The following cash basis information describes the change in the fiscal year end set aside amounts for capital improvements. Disclosure of this information is required by State statute.

	<u>Capital Improvements</u>
Set-Aside Reserve Balance as of as of June 30, 2013	\$0
Current Year Set-Aside Requirement	99,483
Qualifying Expenditures	<u>(240,175)</u>
Totals	<u><u>(\$140,692)</u></u>

The School District had qualifying disbursements during the fiscal year that reduced the set-aside amount below zero. The excess in the capital maintenance set-aside may not be carried forward to reduce the set-aside requirement in future years.

Note 21 - Restatement of Prior Fiscal Year's Fund Balance

At June 30, 2013, the School District's Ohio School Facilities Commission Local Capital Projects Fund was incorrectly classified. The effects of this change are as follows:

	<u>Permanent Improvements</u>	<u>Other Governmental Funds</u>
Fund Balances 6/30/13	\$2,750,969	\$845,642
Fund reclassification - restricted	(198,458)	202,455
Fund reclassification - assigned	(3,997)	0
Fund Balances/Net Position 7/1/13	<u><u>\$2,548,514</u></u>	<u><u>\$1,048,097</u></u>

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Grant Year	Federal CFDA Number	Receipts	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Agriculture:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2014	10.555	\$ 10,578	\$ 11,804
Cash Assistance:				
School Breakfast Program	2014	10.553	42,714	42,714
National School Lunch Program	2014	10.555	115,964	115,964
Cash Assistance Subtotal			<u>158,678</u>	<u>158,678</u>
Total Child Nutrition Cluster			<u>169,256</u>	<u>170,482</u>
Total U.S. Department of Agriculture			169,256	170,482
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Direct from Federal Government:</i>				
Student Financial Aid Cluster:				
Federal Pell Grant Program	2014	84.063	359,127	360,650
Direct Loans	2014	84.268	283,818	284,009
Total Student Financial Aid Cluster			<u>642,945</u>	<u>644,659</u>
Rural Education	2012	84.358A	16,135	10,161
	2014		48,858	48,858
Total Rural Education			<u>64,993</u>	<u>59,019</u>
<i>Passed Through Ohio Department of Education:</i>				
Adult Education - Basic Grants to States				
Instructional Grant	2013	84.002	98,718	37,917
	2014		159,255	173,135
Total Adult Education - Basic Grants to States			<u>257,973</u>	<u>211,052</u>
Career and Technical Education - Basic Grants to States - Secondary	2013	84.048	71,958	54,778
	2014		188,609	208,319
Career and Technical Education - Basic Grants to States - Adult	2013		30,455	12,621
	2014		70,014	73,985
			<u>361,036</u>	<u>349,703</u>
ARRA - Race to the Top	2014	84.395		1,750
Improving Teacher Quality State Grants	2013	84.367	1,425	125
	2014		1,552	1,212
Total Improving Teacher Quality State Grants			<u>2,977</u>	<u>1,337</u>
Total U.S. Department of Education			<u>1,329,924</u>	<u>1,267,520</u>
Total Federal Awards Receipts and Expenditures			<u>\$ 1,499,180</u>	<u>\$ 1,438,002</u>

The Notes to the Schedule of Federal Awards Receipts and Expenditures is an integral part of the Schedule.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the School District's federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting

NOTE B - CHILD NUTRITION CLUSTER

The School District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the School District assumes it expends federal monies first.

NOTE C - FOOD DONATION PROGRAM

The School District reports commodities consumed on the Schedule at the fair value. The School District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Gallia-Jackson-Vinton Joint Vocational School District
Gallia County
P.O. Box 157
Rio Grande, Ohio 45674

To the Board of Education

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Gallia-Jackson-Vinton Joint Vocational School District, Gallia County, Ohio (the School District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated January 5, 2015.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the School District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the School District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Government's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

January 5, 2015



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Gallia-Jackson-Vinton Joint Vocational School District
Gallia County
P.O. Box 157
Rio Grande, Ohio 45674

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Gallia-Jackson-Vinton Joint Vocational School District's, Gallia County, Ohio (the School District), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the School District's major federal program for the year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the School District's major federal program.

Management's Responsibility

The School District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the School District's compliance for the School District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the School District's major program. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on the Major Federal Program

In our opinion, the School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2014.

Report on Internal Control Over Compliance

The School District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the School District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

January 5, 2015

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2014**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under §.510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Student Financial Aid Cluster: CFDA # 84.063 and #84.268
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

3. FINDINGS FOR FEDERAL AWARDS

None

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GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT

GALLIA COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 20, 2015**